

Attachment A: Federal-Mogul - Additional Sites

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
17000 St. Clair, Cleveland, Ohio	17000 St. Clair	Cleveland	Cuyahoga	OH
A-1/Otsego Landfill Site		Grayling	Crawford	MI
Atlantic, Iowa	60428 Marne Road	Atlantic	Cass	IA
Baker II Landfill Superfund Site		Cambridge	Guernsey	OH
Bellefontaine, Ohio	1215 Greenwood Street	Bellefontaine	Logan	OH
Berlin, CT	129 Worthington Ridge Road	Berlin	Hartford	CT
Bi-State Disposal Site		Belleville	St. Clair	IL
Bohaty Drum Site		Medina	Medina	OH
Bridgeport, Ohio	2.5 miles west of Bridgeport, Ohio on State Route 40	Near Bridgeport	Belmont	OH
Brighton, MA	145 North Beacon Street	Brighton	Suffolk	MA
Caldwell, Ohio	17226 County Rd 57	Caldwell	Noble	OH
Carnys Point, NJ	431 Pennsville - Auburn Road	Carnys Point	Salem	NJ
Central Michigan Railway Site		St. Johns	Clinton	MI
Chatham Brothers Barrel Yard Superfund Site	2257 Bernardo Ave.	Escondido	San Diego	CA
Chemical Recovery Systems Site	142 Locust Street	Elyria	Lorain	OH

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
Collierville, TN	477 Distribution Parkway	Collierville	Shelby	TN
Diaz Refinery		Diaz	Jackson	AR
Des Plaines, IL	45 East Bradrock Drive	Des Plaines	Cook	IL
Dura Avenue Landfill	Dura Avenue	Toledo	Lucas	OH
EnviroChem Superfund Site	865 South State Road 421	Zionsville	Boone	IN
Flowery Branch, GA	4515 Cantrell Road	Flowery Branch	Hall	GA
Ford Road. Landfill		Elyria	Lorain	OH
Four County Landfill		Rochester	Fulton	IN
Fultz Landfill Site (for the United States only)		Byesville	Guersney	OH
Greensburg, IN	987 N. US Hwy 21	Greensburg	Decatur	IN
Hampton, VA	2513 58 th Street	Hampton		VA
Hellertown Manufacturing Company Superfund Site (only for Future Response Costs)	1770 Main Street	Hellertown	North-ampton	PA
Jackson, MI	717 Woodworth Road	Jackson	Jackson	MI
Lake Calumet Cluster Superfund site		Chicago	Cook	IL
Lambertville, MI	7325 Douglas Road	Lambertville	Monroe	MI
Logansport, IN	516 High Street	Logansport	Cass	IN
M&J Solvents Company Site		Atlanta	Fulton	GA
Malvern TCE Site	258 North Phoenixville Pk.	Malvern	Chester	PA

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
Marshall, IL	205 Vine Street	Marshall	Clark	IL
McConnelsville, OH		McConnelsville	Morgan	OH
McConnelsville (MFP), OH		McConnelsville	Morgan	OH
Mooreville, IN	451 County Line Road	Mooreville	Morgan	IN
Morenci, Michigan	555 West Main Street	Morenci	Lenawee	MI
Muskegon, Michigan	331 West Laketon Ave.	Muskegon	Muskegon	MI
National Oil Services Superfund Site	16 Elm Street	West Haven	New Haven	CT
Olive Branch, MS	7670 Hacks Cross Road	Olive Branch	DeSoto	MS
Omega Chemical Superfund Site	12504 & 12512 E. Whittier Blvd.	Whittier	Los Angeles	CA
Orland, IN	Maple Street & State Road 327	Orland	Steuben	IN
Ottumwa, IA	One Everco Drive	Ottumwa	Wapello	IA
Redwood City, CA	Redwood Plaza Shopping Center	Redwood City	San Mateo	CA
Salisbury, NC	3570 South Main Street	Salisbury	Rowan	NC
San Gabriel Valley Superfund Site		El Monte	Los Angeles	CA
Seaboard Chemical Site		Jamestown	Guilford	NC
Shoemaker Street, Detroit, MI	11031 Shoemaker Street	Detroit	Wayne	MI
Sparta Foundry Site	52 E. Gardner St.	Sparta	Kent	MI

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
St. Louis, MO	2841 North Spring Avenue	St. Louis		MO
Sunrise Landfill Site		Wayland Township	Allegan	MI
Thermo-Chem Inc. Superfund Site	4331 Evanston Ave.	Muskegon	Muskegon	MI
Toledo, Ohio	900 Upton Avenue	Toledo	Lucas	OH
Verona Well Field Superfund		Battle Creek	Calhoun	MI
Western Sand & Gravel Site		Burrillville	Providence	RI
West Virginia Ordnance Works Site		Point Pleasant	Mason	WV
Worcester, MA	54 Rockdale Street	Worcester	Worcester	MA

Attachment B: List of Debtors

Carter Automotive Company, Inc.
Federal-Mogul Corporation
Federal-Mogul Dutch Holdings Inc.
Federal-Mogul FX, Inc.
Federal-Mogul Global Inc.
Federal-Mogul Global Properties, Inc.
Federal-Mogul Ignition Company
Federal-Mogul Machine Tool, Inc.
Federal-Mogul Mystic, Inc.
Federal-Mogul Piston Rings, Inc.
Federal-Mogul Powertrain, Inc.
Federal-Mogul Products, Inc.
Federal-Mogul Puerto Rico, Inc.
Federal-Mogul U.K. Holdings, Inc
Federal-Mogul Venture Corporation
Federal-Mogul World Wide, Inc.
Felt Products Manufacturing Company
Ferodo America, Inc.
FM International LLC
Gasket Holdings Inc.
J.W.J. Holdings, Inc.
McCord Sealing, Inc.
T&N Industries Inc.

**Attachment C: Pro-Rata Allocation of 50% Share of Excess
Insurance Proceeds**

To the United States, on behalf of EPA:	45.5%
To the Commonwealth of Pennsylvania:	42.5%
To Lucas County, Ohio:	12.0%

Attachment D: List of Claims and the Corresponding Claimant

Claimant	Site/Location	Claim No.
State of Georgia	M&J Solvents Site, GA	6794
State of Indiana	Frankfort, IN	6125
State of Indiana	Mooresville, IN	6126
State of Indiana	Orland, IN	6124
State of Indiana	Michigan City, IN	6129 6128
Commonwealth of Kentucky	Scottsville, KY	5220
Commonwealth of Pennsylvania	Hellertown, PA	6922
City of Battle Creek	Verona Well Field Superfund Site, Battle Creek, MI	10365
Board of County Commissioners, Lucas County, Ohio	King Road Landfill Superfund Site, Lucas County, OH	6876 6877
Paikes Enterprises, Inc.	Hellertown, PA	5923
Commercial Oil Services Site Group	Commercial Oil Services Superfund Site, OH	5978 5979 5980
Third Site Trust Fund Trustees	Third Site Superfund Site, Boone County, IN	6944
Stickney-Tyler Administrative Group	Stickney/Tyler Superfund Site, Toledo, Lucas County, OH	6841
Fultz Landfill PRP Group	Fultz Landfill Site, Byesville, Guernsey County, OH	6292

**Attachment E: List of Allowed Claims, Claimants and
Corresponding Debtors**

Site	Claimant	Allowed Claim (\$)	Status	Debtor
Casmalia Resources Superfund Site	United States	\$ 51,201.00	Unsecured	Federal-Mogul Corporation
Commercial Oil Superfund Service Site	United States	\$zero	Unsecured	Federal-Mogul Ignition Company
Commercial Oil Superfund Service Site	Commercial Oil Services Site Group	\$zero	Unsecured	Federal-Mogul Ignition Company
Douglasville Disposal Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
Fultz Landfill Site	Fultz Landfill PRP Group	\$262,533.00	Unsecured	T&N Industries, Federal-Mogul Powertrain, Inc.
Hellertown Manufacturing Company Superfund Site	United States	\$100,000.00	Secured	Federal-Mogul Ignition Company
		\$1,400,000.00	Unsecured	
Hellertown Manufacturing Company Superfund Site	Pennsylvania	\$16,151.00	Unsecured	Federal-Mogul Ignition Company
Hellertown Manufacturing Company Superfund Site	Paikes	\$286,000.00	Unsecured	Federal-Mogul Ignition Company
Ionia Landfill Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
King Road Landfill Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Ignition Company

King Road Landfill Superfund Site	Lucas County	\$200,000.00	Unsecured	Federal-Mogul Ignition Company
Malone Service Company- Swan Lake Plant- Superfund Site	United States	\$66,569.21	Secured	Federal-Mogul Corporation
M&J Solvents Company Site	Georgia	\$5,367.05	Unsecured	Federal-Mogul Corporation, Federal-Mogul Powertrain, Inc.
PCB Treatment, Inc. Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
Reclamation Oil Company Site	United States	\$44,697.05	Secured	Federal-Mogul Corporation
Spectron, Inc. Superfund Site	United States	\$1,814.20	Secured	Federal-Mogul Ignition
Stickney/XX Chem/Tyler Sites	United States	\$zero	Unsecured	Federal-Mogul Ignition Company
Stickney/XX Chem/Tyler Sites	Stickney/Tyler Administrative Group	\$315,000.00	Unsecured	Federal-Mogul Ignition Company
Third Site Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
Third Site Superfund Site	Third Site Trust Fund Trustees	\$68,426.77	Unsecured	Federal-Mogul Corporation

Attachment F: Tax Setoff Stipulation

[Cover Sheet for Attachment F]

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
FEDERAL-MOGUL GLOBAL INC.,)	Case No. 01-10578 (RTL)
T&N LIMITED, <u>et al.</u>)	
)	(Jointly Administered)
)	
Debtors.)	
)	

**STIPULATION BETWEEN DEBTORS AND DEBTORS-IN-POSSESSION AND
UNITED STATES GOVERNMENT APPROVING SETOFF OF CLAIMS OF UNITED
STATES ENVIRONMENTAL PROTECTION AGENCY AGAINST AMOUNTS OWED
TO THE DEBTORS BY UNITED STATES INTERNAL REVENUE SERVICE**

RECITALS:

A. On October 1, 2001, Federal-Mogul Global Inc., T&N Limited, and certain of their United States and United Kingdom affiliates (collectively, the “Debtors”), each commenced a case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. The Debtors and the United States Environmental Protection Agency (the “USEPA”), together with certain State and local environmental authorities and private parties, have entered into that certain settlement agreement (the “Settlement Agreement”) pursuant to which, *inter alia*, the Debtors and the USEPA agreed, among other things, that the USEPA has certain claims in the aggregate amount of \$213,080.46 (the “USEPA Claims”) against Debtor Federal-Mogul Corporation (“Federal-Mogul”) and/or Debtor Federal-Mogul Ignition Company (“F-M Ignition”) under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., which are to be treated as secured claims under the

Settlement Agreement for reasons set forth in this Stipulation. In addition, the USEPA holds unsecured claims against certain Debtors which are addressed in the Settlement Agreement.

C. The USEPA Claims are based upon certain past and future response costs for environmental cleanup at the following sites: (i) the Hellertown Manufacturing Company Superfund Site in Hellertown, Northampton County, Pennsylvania (the “Hellertown Environmental Site”); (ii) the Malone Service Company, Swan Lake Plant Superfund Site in Texas City, Galveston County, Texas (the “Malone Environmental Site”); (iii) the Reclamation Oil Company Site in Detroit, Wayne County, Michigan (the “Reclamation Oil Environmental Site”); and (iv) the Spectron, Inc. Superfund Site in Elkton, Cecil County, Maryland (the “Spectron Environmental Site”) (collectively herein referred to as the “Environmental Sites”).

D. The amounts of the USEPA Claims attributable to each of the Environmental Sites pursuant to the Settlement Agreement are as follows: (i) \$100,000.00 attributable to the Hellertown Environmental Site, (ii) \$66,569.21 attributable to the Malone Environmental Site, (iii) \$44,697.05 attributable to the Reclamation Oil Environmental Site, and (iv) \$1,814,20 attributable to the Spectron Environmental Site.

E. The USEPA Claims regarding the Malone and Reclamation Oil Environmental Sites are further classified by the Settlement Agreement as being allowed against Debtor Federal-Mogul, based upon an agreement between the Debtors and the USEPA that the Debtors’ alleged responsibility for past and future response costs for environmental cleanup for those Environmental Sites is a potential liability of Federal-Mogul. In addition, the Debtors and the USEPA have agreed, following appropriate inquiry by the Debtors, that the USEPA Claims regarding the Hellertown and the Spectron Environmental Sites are potential liabilities of F-M Ignition. The USEPA has advised the Debtors that it believes the USEPA Claim respecting the

Hellertown Environmental Site may also be properly asserted against Federal-Mogul, an assertion the Debtors dispute. However, in the interests of settling the USEPA Claim regarding the Hellertown Environmental Site, Federal-Mogul and F-M Ignition, without admitting past or future responsibility for the Hellertown Environmental Site or acknowledging any legal basis for liability on the part of Federal-Mogul, have agreed as part of the Settlement Agreement that USEPA shall have a USEPA Claim in the aggregate amount of \$100,000 respecting the Hellertown Environmental Site, which USEPA Claim shall be allocated between F-M Ignition and Federal-Mogul as follows: \$9,573.80 to F-M Ignition and \$90,426.20 to Federal-Mogul.

F. Separately from the compromises agreed to as part of the Settlement Agreement, Federal-Mogul and the United States Internal Revenue Service (the "IRS") have determined that Federal-Mogul, as parent of the tax consolidated group comprising it and its subsidiaries, is entitled to the refunding of overpayments of federal income taxes relating to tax years 1985-2000 (the "Tax Refunds"), which Tax Refunds are substantially in excess of the amount of the USEPA Claims. Federal-Mogul and the IRS have further determined for settlement purposes regarding the USEPA Claims only that \$11,388.00 of the Tax Refunds are attributable to F-M Ignition.

G. The United States government (the "United States"), acting on behalf of both the USEPA and the IRS, has asserted as part of the negotiations leading to the Settlement Agreement that it has the right to setoff the amount of the USEPA Claims against the amount of the Tax Refunds pursuant to section 553 of the Bankruptcy Code and applicable non-bankruptcy law.

H. The Debtors have reviewed the law applicable to the United States' asserted rights of setoff and have determined that the Debtors have the ability to consent to a

setoff by the United States of the USEPA Claims owed by Federal-Mogul and F-M Ignition to the USEPA against the Tax Refunds owed by the IRS to the Debtors. This determination is based on the Debtors' conclusion that, for purposes of setoff, individual agencies of the United States Government are deemed to be a single entity for purposes of satisfying the mutuality requirements of section 553 of the Bankruptcy Code. Based on such rights of setoff, the Debtors have determined, and the United States has agreed, that the USEPA Claims shall be treated as Allowed Secured Claims under the Third Amended Joint Plan of Reorganization for the Debtors, dated as of June 4, 2004 (as may be amended, the "Plan"), and that such claims shall be offset against the Tax Refunds, up to the amount of the Tax Refund plus any interest thereon, as part of the overall agreements embodied in the Settlement Agreement and related documents. Such setoff may be made prior to confirmation of the Plan.

I. The proposed setoff by the United States of the USEPA Claims against the Tax Refunds is an integral element of the overall settlement of the Debtors' prepetition environmental liabilities set forth in the Settlement Agreement, and has been negotiated between the Debtors and the United States at arm's length and in good faith.

NOW, THEREFORE, in consideration of the foregoing and of the promises and agreements set forth in the Settlement Agreement, it is hereby STIPULATED and AGREED as follows:

1. The USEPA holds allowed secured claims against Federal-Mogul under 11 U.S.C. § 502 in the aggregate amount of \$201,692.46. In addition, the USEPA holds allowed secured claims against F-M Ignition in the aggregate amount of \$11,388.00. Such claims (the "Allowed Secured Claims") are secured by rights of offset asserted by the United States, as described in ¶ H, above.

2. The United States, acting on behalf of the USEPA and the IRS, shall be entitled to reduce the amount of the Tax Refunds plus any interest thereon payable to Federal-Mogul, as the agent for the consolidated tax group, by \$213,080.46, with such amounts to be applied by the United States to satisfy, fully and completely, the Allowed Secured Claims granted to USEPA pursuant to the Settlement Agreement and this Stipulation. For purposes of effecting this setoff, the USEPA Claim relating to the Spectron Environmental Site and that portion of the USEPA Claim relating to the Hellertown Environmental Site that is allocated to F-M Ignition (i.e., \$9,573.80) shall be deemed to be offset against that portion of the Tax Refunds that is attributable to F-M Ignition under this Stipulation, while the remainder of the USEPA Claims shall be deemed to be offset against Tax Refunds attributable to Federal-Mogul under this Stipulation.

3. The \$213,080.46 amount withheld from the Tax Refunds by the IRS specified above shall be paid by the IRS to the USEPA, which shall deposit such amount, as more specifically set forth in the Settlement Agreement, into site-specific accounts for each of the respective Environmental Sites within the USEPA Hazardous Substance Superfund to be retained and used to conduct or finance response actions at or in connection with the Environmental Sites, or to be transferred by USEPA to the Hazardous Substance Superfund, or to be deposited into the USEPA Hazardous Substance Superfund in the first instance.

4. The United States and the USEPA hereby withdraw their request to the IRS, made by letter dated May 13, 2004, for a temporary freeze of the Tax Refunds, and the IRS hereby acknowledges receipt of the withdrawal of that request.

5. Neither the Debtors nor the United States, the IRS, or the USEPA shall alter, modify or amend the terms of this Stipulation in any way (including, without limitation,

through the terms of any confirmed plan of reorganization for the Debtors) without the written agreement of all parties to this Stipulation.

6. Nothing in this Stipulation shall prejudice or limit the ability of the United States to setoff any other amounts that may be owed to it by any of the Debtors against any amounts owed by the United States to any of the Debtors; provided, however, that nothing in this Stipulation shall limit or waive any defenses of any of the Debtors to the assertion of any such rights of setoff by the United States or any agency of the United States, nor waive the requirements of applicable law respecting any such rights of setoff (including, without limitation, 11 U.S.C. § 553).

7. Nothing in this Stipulation shall affect any claims of any agency of the United States Government against any of the Debtors save those claims of the USEPA expressly compromised herein and in the Settlement Agreement.

8. The parties to this Stipulation agree that this Stipulation will be presented for approval by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") concurrently with the Settlement Agreement, and that this Stipulation shall become effective upon Bankruptcy Court approval of the Settlement Agreement and this Stipulation. The parties to this Stipulation further agree that the order approving the Settlement Agreement and this Stipulation shall provide, *inter alia*, that the United States shall be granted relief from the automatic stay contained in section 362 of the Bankruptcy Code in order to effect (and take all acts to effect) the setoff described in this Stipulation pursuant to section 553 of the Bankruptcy Code, with such relief to be effective as of the date the order approving the Settlement Agreement and this Stipulation is entered by the Bankruptcy Court.

9. Pursuant to 26 U.S.C. Section 6103 and 26 C.F.R. Section 310.6103 (c-1), Federal-Mogul, EIN 38-0533580, as the agent for its consolidated tax group and on behalf of F-M Ignition, EIN 34-4203131, consents to the disclosure by the IRS of its consolidated federal income tax returns (Forms 1120) and related return information for the taxable years 1986-2000 to those employees of the Department of the Treasury, the United States Department of Justice, and the U.S. Environmental Protection Agency to whom and to the extent disclosure is needed to effectuate the setoff described in this Stipulation.

10. The United States Bankruptcy Court for the District of Delaware shall have the authority to construe and enforce this Stipulation.

11. This Stipulation may be executed in counterparts each of which shall constitute an original and all of which shall constitute one and the same agreement.

Dated: 9/30/04

For the United States: ~~1~~ ~~1~~ ~~1~~ 1

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